Kirstie Raagas
Clean Transportation Business Development Manager

8326 Century Park Court
San Diego, CA 92123

tel: 619-699-5003
email: KRaagas@sdge.com

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Liane Randolph, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: SDG&E Comments on the Advanced Clean Fleets Proposed Regulatory Language

San Diego Gas & Electric Company ("SDG&E") appreciates the opportunity to comment on the California Air Resources Board's ("CARB") proposed language for the Advanced Clean Fleets ("ACF") Regulation.

SDG&E is a regulated public utility company providing energy service to 3.6 million people through 1.4 million electric meters and 873,000 natural gas meters in a service area spanning 4,100 square miles of San Diego County and southern Orange County. SDG&E is also a champion of transportation sector decarbonization and supports the development of the ACF regulation to help California achieve its aggressive mobile source emissions reduction goals for greenhouse gases ("GHG") as well as criteria and toxic air pollutants. More broadly, CARB's objectives align with SDG&E's commitment to sustainability. SDG&E released its *Path to Net Zero: A Decarbonization Roadmap for California* report this past April. This report provides recommendations for California to meet carbon neutrality goals by 2045 through advancing electrification, adopting cleaner and renewable fuels, and recognizing the critical role of zero-emission vehicles ("ZEV") in driving decarbonization.

The SDG&E Fleet

SDG&E operates a fleet of approximately 1,750 over-the-road vehicles, including approximately 433 alternate fueled vehicles (of which approximately 353 are electrified). This fleet supports the clean, safe, and reliable delivery of energy to customers across SDG&E's service territory. As part of its Sustainability Strategy, SDG&E has committed to operate a 100 percent zero-emission fleet by 2035. This includes achieving interim goals of electrifying 100 percent of its light-duty fleet and transitioning 30 percent of its overall fleet to ZEV by 2030. SDG&E also obtained CALSTART's Sustainable Fleet accreditations in 2020 and 2021. The fleet currently includes seven sedans and eight

half ton pickups that are full Battery Electric Vehicles ("BEV"), 82 Plug-in Hybrid Electric Vehicles ("PHEV") of various types, and 101 larger work-trucks that include Electric Power-Take-Off ("ePTO") or Idle Mitigation System ("IMS") capabilities. SDG&E is actively acquiring additional electrified units as they become available and sees its clean transportation commitments as fully aligned with CARB's and the State's clean fleets goals. SDG&E's efforts to build a more sustainable fleet are informed by its recently developed Community Impact Platform, which combines vehicle telematics time series locational data along with emissions data to inform vehicle replacement decisions. This allows SDG&E to bring the benefits of decarbonization to communities that have historically faced several inequities and screen as areas of concern in local and regional climate equity indicators.

Recommendations

SDG&E respectfully offers the following recommendations, which are intended to strengthen the "High Priority and Federal Fleet Requirements" provisions in the Second Draft ACF Regulation released on May 2, 2022:

1. **CARB should maintain its current proposal to allow near zero-emission vehicles (NZEVs) to be treated as ZEVs until Model Year 2035.** SDG&E appreciates CARB's inclusion of NZEVs toward compliance in both ACF compliance pathways. It is essential to maintain this current provision to allow fleets to acquire emissions-reducing vehicles that simultaneously serve duty cycle needs. Ensuring that NZEVs are treated as ZEVs during the proposed time frame allows for immediate emissions reductions and adequate compliance options across future scenarios. Currently, many ZEV models and classes are either unavailable or have long delivery lead times between 18 – 36 months. Fleets will need to acquire plug-in hybrid electric vehicles to maintain compliance and acquire market-ready vehicles at the times they are needed.

2. **CARB should work with fleet and utility partners to create a "Work Truck Project Team" to clearly articulate category definitions and determine exemption eligibility.** SDG&E stands ready to work with CARB and fleet partners to clearly articulate the definition of the "Work Truck" category and foster compliance. "Work Truck" is a catchall definition in the current draft of the regulation; the current definition contains a broad suite of vehicles matched to a wide variety of specifications and duty cycles. Approximately 60% of SDG&E's fleet is subject to the ACF regulation (i.e., heavier than 8500 lbs.), and of these approximately 75% fall into the "work truck" category, as currently defined. SDG&E anticipates a series of ZEV availability, duty cycle and regulatory questions to arise surrounding work truck category compliance. SDG&E notes that many of the additions to its ZEV fleet are anticipated to be under 8,500 lbs. For example, the fully electric Ford F150 Lightning has a gross vehicle weight rating ("GVWR") of 8,250 lbs. It is not clear whether CARB intended to draw the GVWR line just above the F150 Lightning GVWR, but SDG&E notes that including these slightly lighter vehicles in the regulation would incentivize impacted organizations to purchase these and similar ZEV trucks. SDG&E urges CARB to consider establishing a "Work Truck Project Team" which

would meet to discuss and clearly define classifications, ZEV availability, and related issues.

3. **CARB should adjust the proposed unavailability exemption to consider vehicle specification requirements and provide a preliminary list of exempted vehicles (or groups of vehicles) at the time of final rule development.** SDG&E appreciates CARB's inclusion of the proposed unavailability exemption. To balance compliance assurance with minimal administrative burden to CARB and regulated fleets, it is essential to further articulate vehicle class, type, and duty cycle definitions. A preliminary list of exempted vehicles or vehicle groups (e.g., bucket trucks with reach 50 feet and longer) should be made available at the time of final rule adoption to enable fleets to better plan vehicle acquisition over upcoming years. SDG&E is concerned that the vehicle unavailability exemption does not adequately consider the variety of vehicle specifications needed to warrant a purchase, and a limited number of available vehicles by a limited number of producers might inhibit purchase and delivery along an acceptable timeline. Compliance may not be possible under any exemption scenarios in cases where - for example - a vehicle is needed, but only one producer manufactures a vehicle in an acceptable configuration, and delivery is 18-36 months out. Additionally, handling unavailability on a unit-by-unit basis would appear to be unworkable from an administration standpoint given the number of units impacted by the regulation across the state. SDG&E encourages CARB to develop a standing committee or workgroup with fleet stakeholders to ensure that adequate considerations are given to vehicle availability issues.

4. **Allow Electric Utilities to designate a certain portion of their respective fleets as "emergency response vehicles."** SDG&E recommends that electric utilities be allowed to designate a portion of fleet vehicles as "emergency response vehicles" to adequately respond to emergency events. The Declared Emergency Response and/or Mutual Aid Assistance exemptions set a GVWR threshold of greater than 14,000 lbs. to qualify an emergency and/or backup vehicle. This threshold would limit fleet abilities to provide adequate fleet capacity during major events. Grid-powered vehicles at or under 14,000 lbs. could potentially be unable or significantly hindered in their ability to operate during a large-scale grid outage or emergency event.[1] Ensuring adequate emergency response vehicle availability is especially critical during early stages of grid development and enhanced electrification. Such an exemption would allow electric utilities to prepare multiple and diverse means of responding to wildfire and natural disaster events, and to allow a set of emergency vehicles to be immediately available in all circumstances during grid outage scenarios. Requirements and timelines for transition for such designated portions of Electric Utility fleets could be reassessed at key points in the ACF's implementation, allowing and encouraging voluntary transition of emergency response vehicles as technology develops and a wider range of ZEVs become available. This would streamline exemption requests and ensure that electric utilities would be able to

[1] For example, a large earthquake that may impact all of Southern California could result in an extended electrical outage for the region over an extended period of time.

provide the services essential to public safety throughout the course of transportation decarbonization timeframes.

Conclusion

The above recommendations provide a series of key considerations to enhance ACF development. These and suggestions from other stakeholders indicate that the ACF would benefit from further public engagement and stakeholder partnership prior to Board approval.

SDG&E believes that Electric Utility fleets play a primary role in helping California achieve its aggressive emissions reduction goals underpinning a just and equitable energy transition. SDG&E has an established and ongoing commitment to clean transportation innovation by incentivizing and promoting the adoption of ZEVs and supporting charging infrastructure. SDG&E reiterates its support for the direction of the draft regulation and looks forward to continued collaboration with CARB and ACF stakeholders.

Sincerely,

/s/ *Kirstie Raagas*

Kirstie Raagas
Clean Transportation Business Development Manager
San Diego Gas & Electric